

Business Practice Policy

EQUAL PAY MODEL OF THE PODRAVKA GROUP

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0.0 DOCUMENT HISTORY

VERSION	EFFECTIVE DATE	STATUS: - new - revision - recalled	DESCRIPTION	AUTHOR
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The author specifies the reasons for revision and provides a precise description of changes compared to the previous version (e.g. location of changes, page number and similar).

1.0 PURPOSE AND OBJECTIVES

1.1 The purpose of this Policy includes:

- Ensure a fair, transparent and gender-neutral pay system
- Ensure that workers receive equal remuneration for equal work or work of equal value

1.2 The objectives of this Policy are:

- Remedying any pay gaps that are not objectively justified
- Establishing clear and gender-neutral criteria used to determine pay
- Increasing transparency for pay and rewards
- Regular monitoring of the gender pay gap
- Ensuring timely corrective measures where necessary

2.0 POLICY FOUNDATION

This Policy is based on relevant international, European and national regulations, including:

- Directive (EU) 2023/970 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms
- Directive (EU) 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation
- Labour Act
- Gender Equality Act
- Anti-Discrimination Act
- Code of Corporate Governance

3.0 SCOPE OF APPLICATION

This Policy applies to all companies within the Podravka Group and to all their workers, regardless of their position, contractual status or hierarchical level.

This Policy applies to all elements of the pay and reward system:

- Initial pay
- Supplements and benefits
- Pay progression
- Promotions
- Rewards
- Valuation of jobs

Particular attention is given to ensuring pay transparency and the availability of salary information both prior to and throughout employment.

4.0 PRINCIPLES

- a. The principle of equal pay ensures that the pay, supplements and benefits are determined on the basis of objective, gender-neutral criteria, and that the job classification system is based on the same criteria for men and women and that it excludes any discrimination on grounds of gender.
- b. The principle of gender-neutral job assessment ensures that job evaluation and classification are carried out according to predetermined, objective and gender-neutral criteria, including job complexity, responsibilities, required skills, efforts and working conditions, and that work of equal value is valued equally regardless of whether it is performed by women or men.
- c. The principle of pay transparency covers:
 - I. Pay transparency prior to employment, which ensures that job applicants have the right to be informed about the initial pay or pay range for the position for which they are applying.
 - II. Transparency of pay setting and pay progression policy, which ensures that workers can access objective and gender-neutral criteria used to determine pay, pay levels and pay progression.
 - III. Right to information, which ensures that workers have the right to request and receive information on their individual pay level and the average pay levels, broken down by gender, for categories of workers performing comparable work.
- d. The principle of accountability and control ensures that the responsibility for the implementation of this Policy is defined in all companies within the Podravka Group, with regular control and reporting on achievements and needs in all segments of this Policy.
- e. The principle of gender pay gap reporting ensures regular reporting to the competent national monitoring authorities on all prescribed indicators of the gender pay gap and ensures information transparency and accuracy.
- f. The principle of corrective measures mandates that the employer is required to take appropriate corrective actions when a pay gap is identified and cannot be objectively justified.
- g. The principle of education ensures the implementation of education on equal pay for all workers.
- h. The principle of protection from victimisation and unfavourable treatment ensures that workers are not exposed to any negative consequences, pressures or sanctions for exercising their rights related to equality and equal pay or supporting other workers in the exercise of these rights.

5.0 IMPLEMENTATION DUTY

The Equal Pay Policy is the key mechanism for ensuring a fair, transparent and gender-neutral pay system. Consistent implementation of the Policy by all Podravka Group workers, managers and social partners in all Podravka Group companies will contribute to compliance with applicable legislation and international standards and further improvement of the pay and professional development system.

Commitment expected from all workers:

All workers, managers and directors are required to comply with the principles set out in this Policy.

Human Resources Management as the implementation process owner:

The sector of Human Resources Management is responsible for the development and implementation of specific work instructions and procedures that ensure the implementation of this Policy. Through continuous education, supervision and reporting, HRM will monitor Policy efficiency and take necessary corrective and improvement measures to achieve its objectives.

Continuous evaluation and reporting:

The implementation of the Policy will be subject to regular monitoring and evaluation. The companies within the Podravka Group are required to report on the progress in implementing the Policy. The reports will be available to all relevant stakeholders within the Group.

Commitment to continuous improvement:

The Podravka Group remains committed to continuous improvement of the pay system and ensuring equal pay for equal work or work of equal value. The implementation of this Policy will be supported by ensuring adequate resources and support from all levels of management. In all its practices and processes, the Podravka Group will continue to promote transparency and gender neutrality and endeavour to remedy pay gaps that cannot be objectively justified.

Measures to ensure equal pay:

- Regular pay gap analyses
- Communicating pay ranges during employment
- Clearly defined criteria for rewards
- Gender-neutral job classification
- Implementing corrective measures to remedy any identified gender pay gaps that exceed prescribed limits and cannot be objectively justified

6.0 IRREGULARITY REPORTING PROCEDURE

The workers can report:

- Pay inequalities
- Suspected nonconformity with the reward system
- Failure to apply gender-neutral criteria

Reports can be submitted to:

- Superiors
- HRM
- Officer for the Protection of the Dignity of Workers
- Ethics Committee

All processes are carried out in compliance with the principles of confidentiality and secrecy, i.e. by ensuring protection of the reporting worker from retaliation.

7.0 RESPONSIBILITIES

7.1 Responsibilities of the Employer include:

- Policy implementation
- Provision of education
- Conducting pay analysis
- Maintaining accurate and up-to-date records of pay, promotions and gender differences
- Taking corrective measures

7.2 Responsibilities of the Management include:

- Integrating the Policy into everyday work
- Consistent application of criteria in rewarding and promotion

7.3 Responsibilities of the Workers include:

- Familiarisation with the Policy
- Adhering to the principles set out in the Policy
- Reporting suspected irregularities

8.0 MONITORING AND REPORTING

The competent organisational unit (the sector of Human Resources Management) and the managers are responsible for regularly collecting data and preparing the necessary reports on the implementation of the Equal Pay Policy to be submitted to the Management Board and competent authorities, while the results of the analyses will be used to plan corrective actions and further improve.

Policy implementation monitoring will be carried out at least once a year, and the following indicators shall be included in the reports:

- Average gender pay gap
- Median gender pay gap
- Gender pay gap in complementary or variable components
- Proportion of female and male workers receiving complementary or variable components
- Proportion of female and male workers in each pay band
- Gender pay gap by categories of workers
- All identified irregularities and corrective measures taken

9.0 CONCLUSION

This Policy serves as a basis for ensuring a fair, transparent and gender-neutral pay system. All workers and managers are required to comply with its provisions to ensure equal pay for equal work or work of equal value across the organisation.

10.0 DEFINITIONS

- 10.1 Pay (remuneration) – the total monetary and non-monetary consideration which workers receive in respect of their employment, including the basic salary, complements, bonuses, incentive pays, benefits, variable and other types of compensation components.
- 10.2 Work of equal value – work that is determined to be of equal value in accordance with objective, gender-neutral criteria, including job complexity, responsibility, skills, effort and working conditions.
- 10.3 Equal pay for work of equal value – the principle that mandates that workers, regardless of gender, are entitled to receive the same remuneration for performing equal work or work of equal value.
- 10.4 Gender-neutral criteria – the criteria used for job evaluation, rewards, and promotions based on job requirements and not on the workers' personal characteristics.
- 10.5 Gender-neutral job evaluation – systematic evaluation of different jobs using objective criteria with the aim of ensuring equal pay for work of comparable worth.
- 10.6 Pay gap – the difference in average and or median pay levels between men and women, expressed as a percentage.